

**MINUTES
of the
FIRST MEETING
of the
TRANSPORTATION INFRASTRUCTURE REVENUE SUBCOMMITTEE**

**June 1, 2015
Room 309, State Capitol
Santa Fe**

The first meeting of the Transportation Infrastructure Revenue Subcommittee (TRANS) was called to order by Senator John Arthur Smith, chair, on June 1, 2015 at 10:00 a.m. in Room 309 of the State Capitol.

Present

Sen. John Arthur Smith, Chair
Rep. Rick Little, Vice Chair
Rep. Cathrynn N. Brown
Sen. Lee S. Cotter
Rep. Roberto "Bobby" J. Gonzales
Sen. Ron Griggs
Rep. Patricio Ruiloba
Sen. Clemente Sanchez

Absent

Advisory Members

Sen. Carlos R. Cisneros
Rep. Bealquin Bill Gomez
Rep. Patricia A. Lundstrom
Rep. Rod Montoya
Rep. Jane E. Powdrell-Culbert

Sen. Jacob R. Candelaria
Rep. Sharon Clahchischilliage
Rep. David M. Gallegos
Rep. D. Wonda Johnson
Rep. Paul A. Pacheco
Sen. William H. Payne
Sen. William E. Sharer

Staff

Mark Edwards, Legislative Council Service (LCS)
Pam Stokes, LCS
David Jenkins, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and written testimony are in the meeting file.

Monday, June 1

The chair reminded everyone that road systems form basic and important infrastructure in each community and then requested members to introduce themselves.

Status Update — Department of Transportation

Tom Church, secretary of transportation, began by introducing several Department of Transportation (DOT) staff members. In particular, he noted that DOT General Counsel Loren Hatch had been promoted to deputy secretary. Mr. Hatch is currently serving as acting general counsel as well as deputy secretary.

Secretary Church then directed the subcommittee's attention to budget charts on pages 4 and 5 of the DOT's annual report (*see* handout). Approximately half of the DOT's financing consists of federal dollars. Secretary Church expressed concern that federal funding cycles for highway programs have become very short term and uncertain. Current expenditures from the federal Highway Trust Fund rely on an appropriation that is expected to last for two months.

Secretary Church noted that development of transportation projects is done through the state transportation improvement process (STIP). The STIP creates a priority list for DOT construction and maintenance operations that is updated on a rolling basis as funding is available. Projects are typically conceived of at the local or regional level and incorporated into the statewide plan when they reach a certain level of design. However, particularly for large, new projects, incorporation into the STIP is typically measured in years. Furthermore, at key points in the process, continued project development is not allowed until a funding source has been identified. Thus, instability of federal funding has the potential to disrupt state priority planning as some design and development schedules are delayed. Responding to a question from a subcommittee member, Secretary Church indicated that projects that are ready for their next stage of development or construction move up the queue as federal funds are made available.

Secretary Church raised a further concern that the current nature of the federal funding process raises the potential to stop DOT operations. He stated that if Congress fails to agree on a continuance of funding after the current two-month authorization, it would leave up to \$670 million in active projects in New Mexico in limbo.

Moving on to an overview of DOT operations, Secretary Church first expressed satisfaction in two management areas: 1) the DOT now has a vacancy rate under 11% out of a maximum work force of 2,400 full-time-equivalent staff; and 2) 73 projects costing \$310.6 million were closed in fiscal year (FY) 2014 at a total of 1% over bid. Both the vacancy and over-bid rates for FY 2014 are the lowest in several years. Conversely, he indicated that meeting project schedules was an area that the DOT would need to improve upon this coming year.

Secretary Church then outlined some of the major programs and assets that the DOT manages. He mentioned that:

- the Aviation Division works with 54 airports around the state to monitor runway conditions as a requirement for leveraging federal funding. He noted that a \$1 million funding increase by the legislature a couple of years ago had been essential to meeting the division's responsibilities;
- the intercity Park and Ride bus service has maintained a stable ridership of approximately 315,000 per year and has added a new route in Dona Ana County; and
- although the Rail Runner commuter rail continued to have more than one million annual rider trips in FY 2014, that ridership had decreased slightly from FY 2013. He remarked that decreases in commuter ridership are historically connected to decreases in gasoline prices.

In conjunction with the DOT's road program, Secretary Church highlighted the 31 highway rest areas that are managed by the DOT. He indicated that the refurbishment and remodeling of these facilities is a continuing concern for the department, noting that most of the rest areas were built 40 to 60 years ago and the importance of highway rest stops to the state's tourism industry.

Turning to the road system, Secretary Church stated that the DOT has moved to an automated system to provide a complete picture of roadway conditions. The prior methodology characterized random samples of the system, which proved inadequate. The DOT's roadway maintenance includes a pavement preservation program (chip seal, overlays, etc.) covering approximately 3,000 lane miles per year. In addition, Secretary Church stated that in FY 2014, the DOT had installed safety fencing equivalent to a fence running from Gallup to Santa Rosa.

Secretary Church then provided particular items of interest for each transportation district, noting the following.

District 1 — the Santa Teresa port of entry is experiencing more than 70,000 truck shipments per year. Also, the expectation is that trans-border freight shipments will increase with a "locked" freight train service with border inspections carried out at the loading facilities instead of at the border crossing. Near Glenwood, State Highway 174 had severe flooding damage that needs to be fixed. This is a popular route for tourists and residents going to the Catwalk Trail in the Gila National Forest.

District 2 — the southeastern region of the state saw an unprecedented amount of commercial truck traffic in the last year and an increase in motor vehicle accidents and fatalities. The DOT spent considerable effort on State Highway 529 between Hobbs and Artesia putting in shoulders and safety features.

District 3 — encompassing most of the Bernalillo-Sandoval-Valencia counties metropolitan area, this district has the greatest traffic volume in the state. The DOT successfully completed the Paseo del Norte interchange this last year.

District 4 — the northeastern part of the state's road system received a lot of snow this past winter, causing road closures and destabilization of road conditions.

District 5 — this district stretches from Santa Fe to the Four Corners area. The DOT completed a reconstruction of U.S. Route 64 connecting Farmington and Bloomfield, widening the highway to six lanes. District Engineer Miguel Gabaldon retired in May. Habib Abi-Khalil is now the action district engineer.

District 6 — this district, centered on Cibola, McKinley and Catron counties, encompasses a large portion of U.S. Route 491 running between Gallup and Farmington. This roadway has the highest fatality rate of any highway in the state. The DOT has received funding for improvements on this corridor, and they are under way.

Secretary Church then reported on a recent settlement of penalties assessed against federal agencies for a radiation leak at the Waste Isolation Pilot Plant (WIPP). He stated that WIPP is to receive a total of \$46 million for road improvements for routes that are used for hauling radioactive waste. Twelve million dollars will be paid by the United States Department of Defense (Defense Department), and \$34 million will be paid by the United States Department of Energy (DOE). The Defense Department funds must be used for roads in the immediate area of Los Alamos National Laboratory, while the DOE funds may be used on any of the 2,500 miles of designated WIPP routes in New Mexico.

Responding to questions from subcommittee members, Secretary Church stated that the settlement amount reflects discretionary funds that the Defense Department and DOE are authorized to spend without new legislation from Congress. He then explained that road reconstruction costs approximately \$1 million per mile of road lane. Thus, on a four-lane highway, reconstruction would cost \$4 million per mile. Therefore, the DOE funds will need to be targeted to limited, specific portions of the WIPP routes. He mentioned that improvements to U.S. Route 285 north of the state border with Texas would be a good candidate for these funds. More generally, he noted that designated federal funding for WIPP routes had run out at the end of FY 2012. Secretary Church stated that New Mexico has the most extensive network of radioactive waste corridors of any state, and maintenance for these routes needs a stable funding stream.

The subcommittee requested staff to write a letter to members of the New Mexico congressional delegation asking them for clarification on when the settlement funds would be made available to the state.

The subcommittee then entered into a general discussion about the planning process for road projects. Secretary Church outlined the process required by the federal highway programs — currently authorized under the federal Moving Ahead for Progress in the 21st Century Act (referred to as MAP-21). Road projects are initially developed by the local metropolitan or regional planning organization and incorporated into a transportation improvement plan (TIP). Prior to starting the project design, a funding source must be identified for the project. The TIP process works on a three-year cycle. The local TIPs are then incorporated into the STIP. The STIP sets statewide priorities for roadway construction and maintenance on a rolling basis as funding is available. The entire TIP-through-STIP process takes six years.

A subcommittee member inquired about delays in moving priority projects. Referring to his earlier remarks, Secretary Church said that Congress's inability to pass long-term highway funding authorizations is hampering the planning process mandated by federal law. Some projects that are prioritized in the local TIPs end up being delayed because they cannot move into the design phase without an identified funding source. Asked by a subcommittee member whether the recent stop-and-go federal funding would ever stop the queue of projects in the STIP, Secretary Church said no. The DOT strives never to let available federal funding sit unused; instead, any projects that are ready for their next phase — design or construction — move up in the queue.

Replying to a question about how priorities are set within the STIP, Secretary Church indicated that concerns about maintaining the structural integrity of roadways and safety conditions often outweigh economic projections. He noted that the metrics for safety and roadway conditions tend to be much more accurate than economic projection data. A subcommittee member stressed, however, that projects such as U.S. Route 550 between Bernalillo and Farmington have demonstrated how transportation projects can produce large economic benefits. A general discussion then ensued comparing U.S. Route 550 to U.S. Route 285, a WIPP relief route between Santa Fe and Roswell. Reconstruction on both corridors was completed about 13 or 14 years ago. The contract for U.S. Route 550 was a rare deal, including maintenance that has kept it in good condition. The condition of the U.S. Route 285 corridor, however, is a serious concern.

A subcommittee member asked what the current overall DOT debt is and how much of it stems from principal, interest and major projects, such as the Rail Runner. Secretary Church said that the DOT would provide definitive figures later, but the total debt was near \$1.7 billion, with \$780 million derived from the Rail Runner.

Other issues raised during the subcommittee's discussion included:

- the need for restroom facilities along State Highway 28, a popular route for cycling enthusiasts in Dona Ana County;

- anticipated traffic congestion in southern Dona Ana County when the proposed rail service from Mexico to the Union Pacific terminal at Santa Teresa, New Mexico, becomes available. Secretary Church noted that that rail line is a private project and currently outside of the DOT's planning processes. The current priorities in Santa Teresa are for rehabilitation of Industrial Avenue and Airport Road;
- a proposal to develop a north-south road corridor within New Mexico connecting Santa Teresa and Sunland Park to Interstate 10. This project is estimated as a \$100-million-range project; and
- a road safety campaign developing in the southeastern corner of the state. A citizens group is developing a photo journal of road conditions that may be presented to the subcommittee later in the 2015 interim.

Suggestions by subcommittee members for presentation or discussion included:

- (1) a presentation on new technologies that the DOT could implement to increase the life cycle of roads; and
- (2) changes in contracting that are within state control that could either reduce costs or increase the percentage of New Mexico residents working on DOT projects. A subcommittee member noted that using federal highway aid dollars requires that project contracts comply with federal statutes and regulations.

2015 Legislation Summary

Mr. Edwards reported that four subcommittee-endorsed bills were introduced in the 2015 session.

- (1) Senate Bill (SB) 52 — legislation that passed and was enacted that extends the areas near commercial ports of entry with Mexico where shippers can use the 96,000-pound Mexican truck standard instead of the 80,000-pound state standard.
- (2) SB 114 — legislation that would have extended county and municipal governmental current authority to impose a two-cent-a-gallon gasoline tax upon voter approval to special fuels, such as diesel. That legislation passed but was vetoed. The governor's veto message suggested that redirecting motor vehicle excise taxes from the general fund to the State Road Fund might be a better method of meeting the state's transportation infrastructure needs.
- (3) House Bill 168 — would have appropriated \$200,000 of severance tax bond revenues to provide engineering analyses for bridges used by school bus routes within McKinley County, but it did not receive a committee report.

- (4) SB 113 — a bill to appropriate, over six years, \$600 million of supplemental severance tax bond revenues to DOT projects. This bill was not reported out of the first committee to which it was referred until late in the session, and it was not reported out of the second committee.

Mr. Edwards also noted that nearly identical constitutional amendments were introduced in the house and senate by subcommittee members in the 2015 session. The amendments would have restricted motor vehicle-related taxes and fees to be used for roads and bridges or for the purposes of the State Road Fund. The amendments would have created a requirement similar to one within Wyoming's constitution, which was a subject of presentations to the subcommittee in 2014.

2015 Tentative Interim Work Plan and Meeting Schedule

Mr. Edwards walked the subcommittee through a draft work plan for the interim session (*see* handout). He first noted that, in previous years, presentations to the subcommittee had fallen within three categories:

- (1) transportation planning and infrastructure needs within the state;
- (2) funding mechanisms to meet those needs and the debt challenges experienced by the DOT; and
- (3) implications of changing federal funding for the state's transportation programs.

Mr. Edwards then highlighted some new elements within these categories for subcommittee consideration, including: the effect of changing weather patterns, such as summer flooding in the southeastern corner of the state, on roadway life cycles; an examination of the DOT's new long-range road and highway plan; the potential of a north-south connector road from Santa Teresa to Las Cruces; a review of the relative success of differing revenue approaches implemented by Kentucky, North Carolina and Georgia; and an examination of Maine's program that leverages federal assistance to small- and moderate-sized municipalities (ranging in population from a few hundred to 40,000 or 50,000 people) for combined land use and transportation funding.

In the ensuing discussion, subcommittee members voiced interest in learning about improved road construction technologies, the effect of forest fires on road corridor soil conditions and an examination of how a shortfall in the general fund might be mitigated if motor vehicle excise revenues were allocated to the State Road Fund.

Many members expressed an interest in presentations connecting transportation infrastructure to economic growth, particularly in relation to municipal growth.

The draft work plan was approved for proposal to the New Mexico Legislative Council without objection.

Adjournment

There being no further business before the subcommittee, the first meeting of the TRANS adjourned at 12:45 p.m.